

FILED

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

COUNTY OF WAKE

FILE NO. 16 CV 12135

STATE OF NORTH CAROLINA, *ex rel.*
Josh Stein, Attorney General,

Plaintiff,

v.

MAZEN A. RADWAN; RIMA A.
RADWAN; DEAN P. ROBBINS;
HERITAGE ASSET MANAGEMENT, INC.,
d/b/a NATIONAL SECURE PROCESSING;
TRIBUNE MANAGEMENT, INC., d/b/a
STUDENT LOAN GROUP; D.O.R.M.
GROUP, INC., d/b/a STUDENT LOAN
SERVICE MANAGERS and SLS
MANAGERS; MAXIMUM TECH
CORPORATION, d/b/a RUBIK PAYMENT
SOLUTIONS; and STUDENT LOAN
SERVICE MANAGERS, a California
partnership, a/k/a SLS MANAGERS;
individually and collectively; and other
unnamed individuals and entities,

Defendants.

**CONSENT JUDGMENT AND
PERMANENT INJUNCTION**

THIS CAUSE came on to be heard before the undersigned judge for entry of a consent judgment and permanent injunction. It appears to the Court that the State of North Carolina, *ex rel.* Josh Stein, Attorney General (the "State") and defendants Mazen A. Radwan, Rima A. Radwan, and Dean P. Robbins (the "Individual Defendants") as well as defendants Heritage Asset Management, Inc., d/b/a National Secure Processing; Tribune Management, Inc., d/b/a Student Loan Group; D.O.R.M. Group, Inc., d/b/a Student Loan Service Managers and SLS Managers; and Maximum Tech Corporation, d/b/a Rubik Payment Solutions (the "Corporate Defendants"); and defendant Student Loan Service Managers, a California Partnership, a/k/a SLS Managers (the "Partnership Defendant") (collectively, all defendants may be referred to as "defendants"), have resolved the matters in controversy between them and have consented to the terms of this *Consent Judgment and Permanent Injunction*.

FINDINGS OF FACT

1. The State filed its *Complaint* along with its *Plaintiff's Motion for Temporary Restraining Order and Preliminary Injunction*, which included supporting affidavits and documents, on September 29, 2016.

2. In its *Complaint*, the State alleged that defendants were conspiring in the offer of debt adjusting services and collecting advance fees for such services in violation of the Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*; in unfair and deceptive practices in the marketing, solicitation, and performance of their debt relief services, in violation of the Unfair Practices Act, N.C. Gen. Stat. § 75-1.1; and in violation of the of the Telephonic Seller Registration Act, N.C. Gen. Stat. § 66-260, *et seq.*

3. This Court entered a *Temporary Restraining Order* on October 3, 2016, and a *Consent Preliminary Injunction Order* on October 5, 2016.

4. The *Consent Preliminary Injunction Order*, incorporated by reference herein, speaks for itself. In general, among other things, defendants agreed in the *Consent Preliminary Injunction Order* that, from the date of that order going forward, defendants would cease soliciting or offering their debt relief services in the State of North Carolina, or collecting any further fees from consumers in the State of North Carolina for such services. The *Consent Preliminary Injunction Order* also froze certain assets held by defendant Maximum Tech Corporation at Bank of America ("Max Tech BOA Acct. 9869").

5. Since October 5, 2016, defendants aver that they have complied with the terms of the *Consent Preliminary Injunction Order*.

6. Defendants have provided to the State (a) a verified list of all North Carolina consumers to whom defendants provided student loan debt consolidation services since January 1, 2013, together with an accounting of all payments received from each such consumer (the "Consumer List"); (b) the identity of each consumer's stated references as provided during the consumer's enrollment; and (c) a listing identifying the current loan servicer(s), if known, for each consumer identified on the Consumer List

7. Defendants have warranted and attested that the Consumer List is accurate. Among other things, the Consumer List demonstrates that defendants have provided student loan debt consolidation services to 378 North Carolina consumers since January 1, 2013, and collected \$352,048.99 from those consumers.

8. Defendants have agreed to the terms of this *Consent Judgment and Permanent Injunction* solely for the purpose of voluntarily resolving disputed claims and to avoid the expense and uncertainty of continued litigation. In entering into this *Consent Judgment and Permanent Injunction*, defendants do not admit or acknowledge that they have violated the law in the conduct of their business in North Carolina or elsewhere.

9. The Individual Defendants consent to this *Consent Judgment and Permanent Injunction* as owners, officers, and/or control persons of the Corporate Defendants and the

Partnership Defendant, and the Individual Defendants and the Partnership Defendant agree they are bound by all terms of this *Consent Judgment and Permanent Injunction*.

10. The State has agreed to dismiss the Individual Defendants and the Partnership Defendant solely for the purpose of voluntarily resolving disputed claims and to avoid the expense and uncertainty of continued litigation, and does not admit or acknowledge that either the Individual Defendants or the Partnership Defendant have not violated the law in the conduct of business in North Carolina or elsewhere. Moreover, the agreement of the Individual Defendants and the Partnership Defendant to be bound by all terms of this *Consent Judgment and Permanent Injunction* is fundamental and material to the consideration upon which the State has agreed to dismiss the Individual Defendants and the Partnership Defendant.

CONCLUSIONS OF LAW

11. The Court has jurisdiction over the parties and the subject matter of this action.

12. Each defendant was properly served process under N.C.R. Civ. P. 4.

13. Good cause exists for the entry of this *Consent Judgment and Permanent Injunction*, and the State is entitled to the relief set forth herein pursuant to N.C. Gen. Stat. §§ 14-425, 66-266, 75-14, 75-15, and 75-15.1.

BASED ON THE FOREGOING and the record herein, the Court concludes that good and sufficient cause exists for the entry of this judgment and permanent injunction pursuant to Chapters 14, 66, and 75 the North Carolina General Statutes, and the Court adopts the agreement of the parties and these findings as its determination of their respective rights and obligations.

INJUNCTIVE PROVISIONS

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the Individual Defendants, the Partnership Defendant, and Corporate Defendants, as well as their owners, officers, directors, agents, servants, employees, attorneys, subsidiaries, affiliates, assigns, successors, and all other persons in active or future concert or participation with them, are hereby permanently enjoined from:

A. Advertising, offering, soliciting, providing, entering into contracts for, or being compensated for providing, debt adjusting services to North Carolina consumers, including student loan debt consolidation, in violation of the Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*

B. Advertising, offering, soliciting, entering into contracts for, or collecting any monies for providing, services to the debt adjustment or student loan debt consolidation industry, including but not limited to payment processing services or providing customer relation management software, to the extent defendants are aware such services will be employed in North Carolina by persons or entities offering debt adjusting services to North Carolina consumers in violation of the Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*

C. Engaging in unfair or deceptive practices in the offering or conduct of debt adjusting services in North Carolina, in violation of N.C. Gen. Stat. § 75-1.1.

D. Engaging in or attempting telephone solicitation in the offering or conduct of debt adjusting or debt relief services, including student loan debt consolidation, in violation of the Telephonic Seller Registration Act, N.C. Gen. Stat. § 66-266, *et seq.*

IT IS FURTHER ORDERED that, within 60 days of the latter of the entry of this *Consent Judgment and Permanent Injunction* or the receipt of the Corporate Defendants' Monetary Obligation (as defined below), the State shall send a letter through United States Mail to each and every of the 378 North Carolina consumers identified on the Consumer List stating, in substance, that: (a) the consumer had previously contracted with defendants for student loan debt consolidation services; (b) defendants are no longer doing business in North Carolina; (c) defendants' contract with the consumer is cancelled; (d) the consumer may be eligible for a refund and enclosing a claim form to that effect; (e) the identity and contact information for the consumer's student loan servicer(s), if known; and (f) the consumer should contact his or her student loan servicer(s) and regain control over his or her student loan accounts.

IT IS FURTHER ORDERED that, if any Corporate Defendant, or its owners, officers, directors, agents, servants, employees, attorneys, subsidiaries, affiliates, assigns, successors, or any other persons in active or future concert or participation with such defendant, including but not limited to the Individual Defendants or the Partnership Defendant, violates any injunctive provision of this *Consent Judgment and Permanent Injunction*, the Attorney General may seek the imposition of appropriate civil penalties against any one or more defendants for their own violations pursuant to N.C. Gen. Stat. §§ 14-425 and 75-15.2.

AGREED FINANCIAL TERMS AND PAYMENT PROVISIONS

IT IS ORDERED, ADJUDGED AND DECREED that the State, pursuant to N.C. Gen. Stat. §§ 14-425, 75-1.1, and 75-15.1, shall have and recover of the Corporate Defendants the principal sum of **\$377,048.99**, which sum represents the Corporate Defendants' total and complete obligation, jointly and severally, to the State for monetary relief, including claims for restitution as well as reimbursement of the State's costs and fees, as further provided below (the "Corporate Defendants' Monetary Obligation").

The Corporate Defendants' Monetary Obligation shall be paid initially from the funds frozen by the *Consent Preliminary Injunction Order* held in Max Tech BOA Acct. 9869, and, thereafter, from any account held by any defendant until the Corporate Defendants' Monetary Obligation is satisfied in full. Accordingly, within 10 days of the receipt of a copy of this *Consent Judgment and Permanent Injunction* by any means, including but not limited to via facsimile or email, Bank of America shall transfer to the Attorney General or his designated agent the full amount (\$377,048.99) of the Corporate Defendants' Monetary Obligation from Max Tech BOA Acct. 9869. In the event Max Tech BOA Acct. 9869 contains less than the full amount (\$377,048.99) of the Corporate Defendants' Monetary Obligation, Bank of America shall (a) transfer to the Attorney General or his designated agent the full balance of Max Tech BOA Acct. 9869, (b) freeze all accounts held by any Corporate Defendant, and (c) provide to the Attorney General a listing of all accounts and all balances so frozen. Defendants hereby grant to

the Attorney General all rights and claims they have to any funds comprising the Corporate Defendants' Monetary Obligation.

Following the total and complete satisfaction of the Corporate Defendants' Monetary Obligation, Max Tech BOA Acct. 9869 is expressly released from any encumbrance imposed by any order in this action.

The monies paid pursuant to this *Consent Judgment and Permanent Injunction* shall be paid in restitution to North Carolina consumers who were formerly, or are currently, enrolled in defendants' student loan debt consolidation program, except that the Attorney General may allocate an amount of up to \$25,000.00 for the State's attorneys' fees, investigative costs, or for consumer protection or restitution purposes and other purposes allowed by law, in the discretion of the Attorney General.

Defendants shall fully cooperate with the Attorney General in good faith in the Attorney General's administration and issuance of such refunds, including responding to reasonable requests by the Attorney General for customer information or any other information reasonably necessary to effectuate the refund process.

DISMISSAL OF THE INDIVIDUAL DEFENDANTS AND THE PARTNERSHIP DEFENDANT

The State consents, and the Court so orders, that the claims asserted against the Individual Defendants and the Partnership Defendant be and are hereby dismissed with prejudice, subject to the continuing obligations imposed by this *Consent Judgment and Permanent Injunction*.

GENERAL PROVISIONS

Cooperation with the State. In addition to cooperating in good faith with the State in the administration and issuance of refunds pursuant to this *Consent Judgment and Permanent Injunction*, defendants shall cooperate in good faith to resolve any consumer complaints filed with the Attorney General's Consumer Protection Division.

Scope of Resolution. This *Consent Judgment and Permanent Injunction* shall fully resolve all legal claims and issues raised in the *Complaint* for all activities of defendants up to the date of this *Consent Judgment and Permanent Injunction*. Provided, however, that this *Consent Judgment and Permanent Injunction* shall not be construed to deprive any consumer or other person or entity of any private right under the law.

Binding Effect. This *Consent Judgment and Permanent Injunction* shall be binding upon the defendants, their owners, officers, directors, agents, servants, employees, attorneys, subsidiaries, affiliates, assigns, and successors, as well as upon the Attorney General; provided, however, that this *Consent Judgment and Permanent Injunction* shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

Future Conduct & Enforcement. This *Consent Judgment and Permanent Injunction* shall not be construed as approval, sanction, or authorization of any act, practice, or conduct of any

defendant. Further, this *Consent Judgment and Permanent Injunction* shall not be construed to limit the authority of the State to enforce prospectively laws, regulations, or rules against any defendant, and shall not be construed as relieving any defendant of the obligation to comply with all state or federal laws, regulations, or rules. The facts alleged in the *Complaint* will be taken as true and be given collateral estoppel effect, without further proof, in any proceeding based on the entry of this *Consent Judgment and Permanent Injunction*, or in any subsequent civil litigation by the State to enforce this *Consent Judgment and Permanent Injunction* or the State's rights to any payment or monetary judgment under this *Consent Judgment and Permanent Injunction*.

Construction. This *Consent Judgment and Permanent Injunction* shall be construed broadly to include any subterfuge, device, or practice engaged in by the Corporate Defendants, the Individual Defendants, and the Partnership Defendant, and any person or entity participating or acting in concert with them, in an effort to evade the dictates of this *Consent Judgment and Permanent Injunction*. The Parties acknowledge that the statutes giving rise to the claims asserted in this action are remedial in nature. This *Consent Judgment and Permanent Injunction*, therefore, shall be construed broadly by the Court to give full effect to the legislative policies and purposes underlying such statutes.

CONSENTED TO:

JOSH STEIN NORTH CAROLINA
ATTORNEY GENERAL

BLANCHARD, MILLER, LEWIS
& ISLEY, P.A.

By: 

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Josh Stein, Attorney General.*

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For all Defendants

INDIVIDUAL DEFENDANTS

By: 

Mazen A. Radwan

By: 

Rima A. Radwan

By: 

Dean P. Robbins

PARTNERSHIP DEFENDANT

By: 

Student Loan Service Managers, a
California Partnership, a/k/a SLS
Managers

CORPORATE DEFENDANTS

By: 

Heritage Asset Management, Inc.,
d/b/a National Secure Processing

By: 

Tribune Management, Inc.,
d/b/a Student Loan Group

By: 

D.O.R.M. Group, Inc.,
d/b/a Student Loan Service Managers
and SLS Managers

By: 

Maximum Tech Corporation,
d/b/a Rubik Payment Solutions

IT IS SO ORDERED:

This the 6 day of MARCH, 2017.

By: 

Superior Court Judge Presiding